

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 90-676-C - ORDER NO. 91-101 ✓
JANUARY 31, 1991

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| IN RE: Application of Value-Added Communications, Inc. For a Certificate of Public Convenience and Necessity to Provide Intrastate Operator Assisted Resold Telecommunication Services |) | ORDER |
| |) | GRANTING |
| |) | CERTIFICATE |
| |) | |

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of an Application filed by Value-Added Communications, Inc. (the Company or VAC) requesting a Certificate of Public Convenience and Necessity authorizing it to provide intrastate telecommunications service in South Carolina including related automated operator services. The Company is a non-facility based company which will provide its product by reselling capacity from underlying facilities based carriers. The Company seeks to provide 24-hour long distance telecommunications service, which includes the 1+ services and automated operator-assisted long distance telephone service. The services are designed primarily for customers who are responsible for providing access and directing calls for a large number of end users (hotels, motels, hospital, and correctional institutions). The Application was filed pursuant to S.C. Code Ann., Sections 58-9-280 and 58-9-520 (Cum. Supp. 1990) and the Regulations of the Public Service Commission of South Carolina.

On October 24, 1990, the Commission's Executive Director

instructed the Company to cause to be published a prepared Notice of Filing once a week for two consecutive weeks in newspapers of general circulation in affected areas. The Notice of Filing indicated the nature of VAC's Application and advised all interested parties desiring to participate in the scheduled proceeding of the manner and time in which to file the appropriate pleadings. Thereafter, the Company provided the Commission with proof of publication of the Notice of Filing. Petitions to Intervene was filed by the South Carolina Department of Consumer Affairs (the Consumer Advocate) and Southern Bell Telephone and Telegraph Company (Southern Bell). Subsequently, Order No. 91-94 issued January 25, 1991 granted Southern Bell's request to withdraw its intervention based on VAC's assertion that its service offerings, including automated operator services are interLATA only.

A public hearing relative to the matters asserted in VAC's Application was held on January 23, 1991 at 11:00 a.m. in the Hearing Room of the Commission at 111 Doctor's Circle, Columbia, South Carolina, before the Commission with the Honorable Marjorie Amos-Frazier presiding. Frank R. Ellerbe, III, Esquire, represented VAC; Carl F. McIntosh, Esquire, represented the Consumer Advocate; and Marsha A. Ward, General Counsel, represented the Commission Staff. Testimony was provided by Charles P. Miller for Value-Added Communications, Inc. No other witnesses were called.

Witness Miller provided a a brief overview and explanation of the request of the Company for a certificate to operate as a

reseller of interexchange telecommunications services in South Carolina. He described the financial status of the Company and the four functional divisions of the Company. He also explained the proposed services of the Company and the methods by which problems with equipment and billing would be handled.

The Commission has considered the evidence in the record before it presented by the Company, the Consumer Advocate, and the Commission Staff and that based upon the evidence the Commission makes the following findings of fact and conclusions of law:

1. That Value-Added Communications, Inc. is a non-facilities or "switchless" based long distance reseller of intrastate telecommunications services.

2. That VAC is a corporation incorporated under the laws of the State of Delaware, but has a Certificate of Authority to transact business as a foreign corporation in the State of South Carolina.

3. That the Company intends to provide its services to primarily hotels, motels, hospitals, and correctional institutions.

4. That as a "switchless" resale carrier, the Company will provide service over facilities from other carriers authorized to provide service in South Carolina.

5. That VAC has the financial resources to provide adequate telecommunications services to consumers in South Carolina.

6. That the Company herein has shown itself to be fit, willing, and able to provide resale telecommunications services and that, therefore, it should be granted a Certificate of Public Convenience and Necessity to provide intrastate operator assisted

resold telecommunications services, including related automated services.

7. That the Company should be required to block or switch to the local exchange carrier (LEC) all intraLATA calls which are attempted over its network; and, if it accidentally or incidentally completes any intraLATA calls, it should be required to compensate the local exchange carrier consistent with the provisions of our Order NO. 86-793 issued in Docket No. 86-187-C.

8. That any operator services will be provided for interLATA calls only and any "0+" or "0-" intraLATA or local calls will be handed off to the LEC.

10. A rate structure incorporating a maximum rate level with the flexibility for downward adjustment has been previously adopted by this Commission. IN RE: Application of GTE Sprint Communications Corporations, etc., Order 84-622, issued in Docket 84-10-C on August 2, 1984. The Commission herein finds that the appropriate rate structure for VAC should include a maximum rate level for each tariff charge; and that for intrastate interLATA operator-assisted and calling card calls, VAC should be required to charge operator or calling card surcharges no higher than the intrastate charges then currently approved for AT&T Communications, and that for the usage portion of either type call, VAC should be required to charge intrastate rates no higher than the intrastate rates charged by AT&T Communications at the time such call is completed.

11. That while the Commission is conscious of the need for resellers to adjust rates and charges timely to reflect the forces

of economic competition, rate and tariff adjustments below the maximum levels should not be accomplished without notice to the Commission and to the public. The Company shall incorporate provisions for filing rate changes and publication of notice of such changes two weeks prior to the effective date of such changes, and affidavits of publication must be filed with the Commission. Any proposed increase in the maximum rate level reflected in the tariffs of the Company, which should be applicable to the general body of subscribers would constitute a general ratemaking proceeding which would be treated in accordance with the notice and hearing provisions of the S.C. Code Ann. Section 58-9-540 (Cum. Supp. 1990).

12. That an end user should be able to access another interexchange carrier or operator service provider if they so desire.

13. That VAC should be allowed to incorporate in its tariff a surcharge for operator-assisted and calling card calls not to exceed \$1.00 for any calls originated at hotels and motels and customer-owned pay telephones if such surcharge is requested by the customer. If such charge is applied; it should be paid in its entirety to the customer by VAC.

14. That VAC should be required to provide "tent" cards to hotels and motels for placement next to guest telephones identifying it as the provider of operator service for intrastate interLATA distance calls; and that VAC automated operators should be required to brand all calls identifying itself as the carrier for such call.

15. That VAC should be required to furnish pay telephone owners with a sticker or information piece to be affixed to the telephone instrument by which its service may be accessed identifying the automated operator service as being provided by VAC and indicating the rates charges for its service or the method for obtaining rate information.

16. That the Company may only use such underlying carriers for the provision of intrastate telecommunications service as are certified by this Commission to provide such service and the Company will notify the Commission in writing as to its underlying carrier or carriers and of any change in its carrier.

17. That VAC should be authorized to provide intrastate interLATA service through the resale of Wide Area Telecommunications Service (WATS), Message Telecommunication Service (MTS), Foreign Exchange Service (FX) and Private Line Service or any other service authorized for resale and reflected as such in tariffs of facilities-based carriers certificated by this Commission.

18. That the Company is subject to any applicable access charges pursuant to Commission Order No. 86-584 in which the Commission determined that the reseller should be treated similarly to facility based carriers for access charge purposes.

19. That the Company is required to file on a yearly baasis surveillance reports with the Commission as required by Order No. 88-178 in Docket 87-483-C. The proper form for these reports should be Attachment A, attached hereto and incorporated by reference herein.

20. That VAC should file tariffs in accordance with the findings herein within thirty (30) days of the date of this Order.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS

FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR
ENDING _____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT
PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT
AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR
ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE
INVESTMENT (SEE #3 ABOVE).